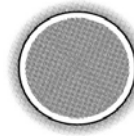




**CERAMIC FUEL CELLS LIMITED**  
*Creating the energy to succeed™*



**POWERCO**

18 November 2004

## **New energy deal across the Tasman**

New Zealand's Powerco and Australian Ceramic Fuel Cells Limited, CFCL have signed an agreement to conduct trials of ground-breaking new fuel cell energy systems in New Zealand.

This is the first in the world of a number of commercial deals with industry being pursued by CFCL. The field trial follows on from 12 years of research and development and \$130 million of investment by CFCL.

CFCL's product for this trial is a fuel cell unit which converts natural gas to electricity delivering both 1kW of electricity and hot water sufficient for the average home.

Powerco Chief Executive Steven Boulton and CFCL Chief Executive Dr Allen Conduit said today's contract between the companies represented a formal partnership that would see the new fuel cells trialled and tested in New Zealand.

"Powerco recognises that this technology shows the potential of distributed generation around the world – electricity generated at the point of use rather than through centralised systems and extensive transmission networks," said Mr Boulton.

Powerco is attracted to this particular fuel cell technology developed by CFCL, as it has flexibility in using natural gas, biomethane and ethanol as the primary input fuel, rather than being constrained with expensive hydrogen, as is the case with most fuel cells.

"This is the kind of innovation and technology that Powerco is increasingly looking to support and introduce to New Zealand. These fuel cells could play a key role in reducing our demand for energy and in meeting our international environmental obligations.

"We see a real opportunity for New Zealand to lead the world and to secure its energy future by embracing this type of new technology," said Mr Boulton.

Mr Boulton said that in addition to supporting the trial of the fuel cells in New Zealand, Powerco would establish a New Zealand-based university scholarship to evaluate the trial of the fuel cells.

Dr Conduit said "CFCL is pleased to sign this first commercial agreement for supply of our combined heat and power units (micro-CHP) for field trials with a major energy distribution company in New Zealand. We are pursuing further field trials in Australia and Europe.

"This field trial program forms a central plank in our business strategy, along with our planned admission to the Alternative Investment Market of the London Stock Exchange and negotiation of manufacturing and appliance partnerships in Europe," he said.

“Our micro-CHP units are expected to be extremely efficient. They convert gas to electricity in a silent process, unlike combustion engines, and have the potential to reduce greenhouse gas emissions by 60 per cent over a conventional coal fired power station.

“CFCL’s fuel cell units have the potential to provide efficient, reliable, constant and environmentally friendly ‘mini-generators’ on site in homes, offices and farms, thereby reducing reliance on large, centralised electricity generators and transmission networks. They can be scaled up to suit a range of power outputs ”, said Dr Conduit.

“When not using the full electrical output from the unit locally, power can be exported and sold back into the electricity grid. We are interested to test these prototypes in real life situations for their performance, efficiency and operations.”

At this stage Powerco and CFCL have committed to two 12 month New Zealand field trials for 2005, with the option to expand to four. CFCL has engaged New Zealand IRL (Industrial Research Limited) to assist with on site technical support.

CFCL expects to deliver the first unit to New Zealand in April 2005.

Media will be invited to see these units in operation once the trial commences.

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Powerco is one of New Zealand’s largest gas and electricity distributors, with approximately 295,000 electricity consumer connections and 106,000 gas consumer connections in the North Island, and a growing investment presence in Australia. Powerco is majority owned by Prime Infrastructure

[www.powerco.co.nz](http://www.powerco.co.nz)

Ceramic Fuel Cells Ltd recently listed on the ASX (code CFU) and is Australia’s only commercial developer of fuel cell energy generators. CFCL is planning to apply for admission to the Alternative Investment Market (AIM) of the London Stock Exchange.

[www.cfcl.com.au](http://www.cfcl.com.au)